

# QUARTERLY REPORT

LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

FOR THE QUARTER ENDED MARCH 31, 2004

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY

# BALANCE SHEETS

AS OF MARCH 31, 2004 AND 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 19,890	\$ 28,106
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts-(2004, \$7,290; 2003, \$7,073)..... Note 2	131,572	65,259
4	Inventories..... Note 1	2,641	2,913
5	Prepaid Expenses and Other Current Assets.....	2,547	1,648
6	Total Current Assets.....	156,650	97,926
7	Investments, Advances, and Receivables..... Note 3	18,011	16,380
8	Property and Equipment - Gross..... Notes 1, 4 & 10	904,527	883,542
9	Less: Accumulated Depreciation and Amortization.....	(382,854)	(352,381)
10	Property and Equipment - Net.....	521,673	531,161
11	Other Assets..... Note 5	5,040	123
12	Total Assets.....	\$ 701,374	\$ 645,590
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
13	Accounts Payable.....	\$ 2,815	\$ 5,325
14	Notes Payable..... Note 6	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates..... Note 9	-	-
16	Other..... Note 10	28	332
17	Income Taxes Payable and Accrued..... Note 1	-	-
18	Other Accrued Expenses..... Note 7	31,484	28,876
19	Other Current Liabilities..... Note 8	72,965	50,070
20	Total Current Liabilities.....	107,292	84,603
	Long-Term Debt:		
21	Due to Affiliates..... Note 9	518,330	518,330
22	Other..... Note 10	692	720
23	Deferred Credits.....	-	-
24	Other Liabilities.....	5,938	5,563
25	Commitments and Contingencies		
26	Total Liabilities.....	632,252	609,216
27	Stockholders', Partners', or Proprietor's Equity.....	69,122	36,374
28	Total Liabilities and Equity.....	\$ 701,374	\$ 645,590

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino.....Note 1.....	\$ 120,426	\$ 119,999
2	Rooms.....	8,370	8,433
3	Food and Beverage.....	15,156	16,272
4	Other.....	5,198	5,235
5	Total Revenue.....	149,150	149,939
6	Less: Promotional Allowances.....Note 1.....	30,254	32,106
7	Net Revenue.....	118,896	117,833
	Costs and Expenses:		
8	Cost of Goods and Services.....	64,422	66,389
9	Selling, General, and Administrative.....	17,141	13,312
10	Provision for Doubtful Accounts.....	491	364
11	Total Costs and Expenses.....	82,054	80,065
12	Gross Operating Profit.....	36,842	37,768
13	Depreciation and Amortization.....Note 1.....	8,730	9,696
	Charges from Affiliates Other than Interest:		
14	Management Fees.....Note 11.....	3,881	3,906
15	Other.....Note 11.....	1,635	1,586
16	Income (Loss) from Operations.....	22,596	22,580
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 6 & 9....	(10,906)	(10,747)
18	Interest (Expense) - External.....Note 10.....	(118)	(120)
19	Investment Alternative Tax and Related Income (Expense) -.....Note 1.....	(591)	(773)
20	Nonoperating Income (Expense) - Net.....Note 12.....	107	157
21	Total Other Income (Expenses).....	(11,508)	(11,483)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	11,088	11,097
23	Provision (Credit) for Income Taxes.....Note 1.....	5,102	4,533
24	Income (Loss) Before Extraordinary Items.....	5,986	6,564
	Extraordinary Items (Net of Income Taxes -		
25	20__, \$ ; 20__, \$ ).....		
26	Net Income (Loss).....	\$ 5,986	\$ 6,564

The accompanying notes are an integral part of the financial statements.  
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# STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND THE THREE MONTHS ENDED MARCH 31, 2004

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2002.....	100	\$ 1,370		\$	\$ 46,065	\$	\$ (17,625)	\$ 29,810
2	Net Income (Loss) - 2003.....							33,326	33,326
3	Contribution to Paid-in-Capital.....								-
4	Dividends.....								-
5	Prior Period Adjustments.....								-
6									-
7									-
8									-
9									-
10	Balance, December 31, 2003.....	100	1,370	-	-	46,065	-	15,701	63,136
11	Net Income (Loss) - March 31, 2004.....							5,986	5,986
12	Contribution to Paid-in -Capital.....								-
13	Dividends.....								-
14	Prior Period Adjustments.....								-
15									-
16									-
17									-
18									-
19	Balance, March 31, 2004.....	100	\$ 1,370	-	\$ -	\$ 46,065	\$ -	\$ 21,687	\$ 69,122

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 13,641	\$ 13,840
2	CASH FLOWS FROM INVESTING ACTIVITIES:		
3	Purchase of Short-Term Investment Securities.....	-	-
4	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
5	Cash Outflows for Property and Equipment.....	(3,098)	(3,996)
6	Proceeds from Disposition of Property and Equipment.....	36	78
7	Purchase of Casino Reinvestment Obligations.....	(1,525)	(1,519)
8	Purchase of Other Investments and Loans/Advances made.....	819	6
9	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	-	-
10	Cash Outflows to Acquire Business Entities.....	-	-
11			
12	Net Cash Provided (Used) By Investing Activities.....	(3,768)	(5,431)
13	CASH FLOWS FROM FINANCING ACTIVITIES:		
14	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
15	Payments to Settle Short-Term Debt.....	-	-
16	Cash Proceeds from Issuance of Long-Term Debt.....	-	-
17	Costs of Issuing Debt.....	-	-
18	Payments to Settle Long-Term Debt.....	(33)	(92)
19	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
20	Purchases of Treasury Stock.....	-	-
21	Payments of Dividends or Capital Withdrawals.....	-	-
22	Borrowings/Payments of Intercompany Payable.....	(18,887)	(17,272)
23	Net Cash Provided (Used) By Financing Activities.....	(18,920)	(17,364)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(9,047)	(8,955)
25	Cash and Cash Equivalents at Beginning of Period.....	28,937	37,061
26	Cash and Cash Equivalents at End of Period.....	\$ 19,890	\$ 28,106
CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....	\$ 10,849	\$ 10,855
28	Income Taxes.....	\$ 5,102	\$ 4,533

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ 5,986	\$ 6,564
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	8,726	9,692
31	Amortization of Other Assets.....	4	4
32	Amortization of Debt Discount or Premium.....	-	-
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	(36)	(78)
36	(Gain) Loss on Casino Reinvestment Obligations.....	591	773
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons' Checks.....	(2,747)	3,128
39	Net (Increase) Decrease in Inventories.....	185	224
40	Net (Increase) Decrease in Other Current Assets.....	677	1,189
41	Net (Increase) Decrease in Other Assets.....	(5,006)	(57)
42	Net Increase (Decrease) in Accounts Payable.....	(3,912)	(9,467)
	Net Increase (Decrease) in Other Current Liabilities Excluding Debt.....	9,075	1,777
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt.....	98	91
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 13,641	\$ 13,840

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

48	ACQUISITION OF PROPERTY AND EQUIPMENT:		
	Additions to Property and Equipment.....	\$ 3,098	\$ 3,996
49	Less: Capital Lease Obligations Incurred.....		
50	Cash Outflows for Property and Equipment.....	\$ 3,098	\$ 3,996
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....		
52	Goodwill Acquired.....		
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows to Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....		
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

## SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 2004

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	140,784	\$ 5,797		
2	Food	501,520	7,393		
3	Beverage	982,602	3,172		
4	Travel			46,109	\$ 1,063
5	Bus Program Cash	124,123	1,849		
6	Other Cash Complimentaries	179,099	9,930		
7	Entertainment	61,112	1,183	11,370	411
8	Retail & Non-Cash Gifts	34,825	823	36,113	2,718
9	Parking				
10	Other*	564	107	48,283	581
11	Total	2,024,629	\$ 30,254	141,875	\$ 4,773

\* No single item within "Other" exceeds 5% of the total.

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and basis of presentation**

Boardwalk Regency Corporation (the "Company"), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. ("CNJ"), a New Jersey corporation. The Company owns and operates Caesars Atlantic City Hotel/Casino ("CAC") in Atlantic City, New Jersey. CNJ is a wholly owned subsidiary of Caesars World, Inc. ("CWI"), a Florida corporation, and CWI is a wholly owned subsidiary of Caesars Entertainment, Inc. ("CEI"). In early January 2004, CEI changed its name from Park Place Entertainment to Caesars Entertainment. The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The accompanying financial statements should be read in conjunction with the Casino Control Commission Quarterly Report for the year ended December 31, 2003.

All adjustments to these financial statements have been recorded and are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at March 31, 2004 and 2003, and its statements of income for the three months ended March 31, 2004 and 2003 and its statements of cash flows for the three months ended March 31, 2004 and 2003. All such adjustments were of a normal recurring nature.

**Seasonal factors**

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the three months ended March 31, 2004 and 2003 are not necessarily indicative of the results of operations for the full year.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

**Revenue recognition and promotional allowances**

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.



**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**Inventories**

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

**Property and equipment**

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$8,726 and \$9,692 for the three months ended March 31, 2004 and 2003, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

**Connection Card Program**

During the 2nd quarter of 2003, the Company, along with its CEI Atlantic City affiliates, implemented the Connection Card Program. The Connection Card Program allows players to earn credits that may be accumulated over time and redeemed at their discretion in accordance with the rules of the program at any CEI casino in the United States. The Company records an estimated liability for the incremental cost of providing goods and services under the program at the time the credits are earned.

**Fair values of financial instruments**

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at March 31, 2004 and 2003.

**Accounting Pronouncements**

In November 2002, the FASB issued Interpretation No ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others." FIN No. 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation apply to guarantees issued or modified after December 31, 2002. Implementation of this Interpretation did not have a material impact on the Company's financial statements.

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

In 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 addresses consolidation of entities that are not controllable through voting interest or in which the equity investors do not bear the residual economic risks and rewards. These entities have commonly been referred to as special purpose entities. The Interpretation provides guidance related to identifying variable interest entities and determining whether such entities should be consolidated. It also provides guidance related to the interest in newly consolidated variable interest entities and requires disclosures for both the primary beneficiary of a variable interest entity and other beneficiaries of the entity. Implementation of this Interpretation did not have a material impact on the Company's financial statements, as the Company does not have any variable interest entities.

**Income taxes**

Taxable income or loss of the Company is included in the consolidated Federal income tax return of CEI. The Company provides for income taxes by applying the respective state and federal statutory rates to pre-tax financial statement income. The corresponding liability or receivable is credited or charged to its corporate parent. Deferred income taxes and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by CEI in accordance with the tax sharing agreement between CEI and the Company.

**Recent tax legislation**

The New Jersey State Legislature passed a bill to increase taxes on the New Jersey casino industry, beginning in the State's fiscal year 2004 (starting July 1, 2003). Included in this legislation is a tax on net profits, taxes on certain complimentaries, and increases in parking, rooms and other fees. Profits tax expense is reflected in the provision for income taxes. Other taxes are reflected in selling, general and administrative expenses.

**Casino Reinvestment Development Authority**

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**Allocations and transactions with related parties**

The Company transfers cash in excess of its operating needs to CEI on a daily basis. CEI provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other CEI affiliates are consolidated, including limousine services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

Beginning with the first quarter of 2004, the Company was allocated from CEI certain expenses, such as Information Technology, Internal Audit and Risk Management, which historically were considered corporate expenses. These expenses are allocated to the Company using various formulas based on estimates of utilization of such expenses. Management believes that the methods used to allocate these costs are reasonable.

**NOTE 2 – RECEIVABLES AND PATRONS' CHECKS**

Receivables and patrons' checks as of March 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Casino receivables (net of allowance for doubtful accounts – 2004, \$7,001; 2003, \$6,576)	\$ 13,606	\$ 11,215
Other (net of allowance for doubtful accounts – 2004, \$289; 2003, \$497)	5,446	3,253
Due from CEI	111,674	50,073
Due from other affiliates	<u>846</u>	<u>718</u>
	<u>\$131,572</u>	<u>\$ 65,259</u>

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES**

Investments advances and receivables as of March 31 consist of the following:

	<u>2004</u>	<u>2003</u>
CRDA deposits	\$ 14,983	\$ 13,152
CRDA bonds receivable	3,075	2,922
CRDA Seat License Agreement	4,624	5,098
CRDA Long-term note receivable	859	883
CRDA Donations	740	-
Other, net	<u>36</u>	<u>20</u>
	24,317	22,075
Less: valuation allowance on CRDA investments	<u>(6,306)</u>	<u>(5,695)</u>
	<u>\$18,011</u>	<u>\$ 16,380</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment as of March 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Land	\$ 118,090	\$ 118,090
Buildings and improvements	551,732	544,231
Furniture, fixtures and equipment	227,694	215,026
Construction in progress	<u>7,011</u>	<u>6,195</u>
	904,527	883,542
Less accumulated depreciation and amortization	<u>(382,854)</u>	<u>(352,381)</u>
	<u>\$ 521,673</u>	<u>\$ 531,161</u>

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 5 – OTHER ASSETS**

During May 2003, the Company entered into an agreement to lease the Ocean One Pier (the “Pier”) to Pier Developers, Inc (the “Developer”) for an initial term of 75 years. The 75 year term commences upon completion of the Pier’s construction which is currently expected to be July 2005. The lease agreement provides for the repayment of certain qualified pier development costs incurred by the Developer.

As financing for the qualified pier development costs, the Company and certain of its Atlantic City affiliates entered into a credit agreement (the “Credit Agreement”) with the CRDA. The Credit Agreement provides for funding from the CRDA of up to \$33 million for qualified development costs. The CRDA funding will come from amounts either currently on deposit or to be deposited with the CRDA pursuant to the Company’s and its affiliates’ investment obligations. Repayments to the Developer are limited to the funds received from the CRDA.

As of March 31, 2004, the Company repaid the Developer approximately \$5 million through CRDA funds previously deposited by an affiliate. These payments are considered lease incentive payments and will be amortized over the life of the lease.

**NOTE 6 – NOTES PAYABLE**

At December 31, 2000, the Company entered into an uncommitted \$50,000 credit facility with Caesars Entertainment Finance Corporation (CEFC), a wholly owned subsidiary of CEI. At March 31, 2004 and 2003, respectively, there was no outstanding balance.

**NOTE 7 - OTHER ACCRUED EXPENSES**

Other accrued expenses as of March 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Accrued payroll and benefits	\$13,813	\$11,373
Insurance claims	4,165	5,604
Real estate taxes	3,481	3,144
Other	<u>10,025</u>	<u>8,755</u>
	<u>\$31,484</u>	<u>\$28,876</u>

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 8- OTHER CURRENT LIABILITIES**

Other current liabilities as of March 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Due to affiliates	\$62,577	\$42,196
Unredeemed slot promotions liability	2,205	1,614
Unredeemed chip and token liability	1,932	4,723
Connection Card liability	4,541	-
Other	<u>1,710</u>	<u>1,537</u>
	<u>\$72,965</u>	<u>\$50,070</u>

**NOTE 9 - LONG-TERM DEBT - DUE TO AFFILIATES**

Long-term debt - due to affiliates as of March 31, 2004 and 2003, respectively consists of a Caesars Entertainment Finance Corp note due December 31, 2010 at 8.50%.

**NOTE 10 – LONG-TERM DEBT, OTHER**

Long-term debt, other as of March 31 consists of the following:

	<u>2004</u>	<u>2003</u>
Mortgage Note due October 15, 2011		
Interest at 10.0%	\$ 720	\$ 746
Capitalized lease obligation, net of amounts representing interest	<u>-</u>	<u>306</u>
	720	1,052
Less: current maturities	<u>(28)</u>	<u>(332)</u>
	<u>\$ 692</u>	<u>\$ 720</u>

**Boardwalk Regency Corporation (Caesars Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 11 – CHARGES FROM AFFILIATES - MANAGEMENT FEE**

The Company has recorded expenses for the three months ended March 31 from CWI and affiliates as follows:

		<u>2004</u>	<u>2003</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$ 3,881	\$ 3,906
Caesars Palace Corp.	Trade name fee	<u>1,635</u>	<u>1,586</u>
		<u>\$ 5,516</u>	<u>\$ 5,492</u>

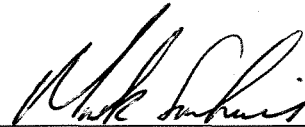
**NOTE 12 - NONOPERATING INCOME (EXPENSE) - NET**

Nonoperating income (expense) for the three months ended March 31 consists of the following:

	<u>2004</u>	<u>2003</u>
Interest income	\$ 71	\$ 79
Gain (loss) on disposal of equipment	<u>36</u>	<u>78</u>
	<u>\$ 107</u>	<u>\$ 157</u>

## STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2 (b) 1-5 during the quarter.



Signature

Assistant Vice President/Controller

Title

#6908-11

License Number

On Behalf Of:

Boardwalk Regency Corporation

Casino Licensee